

# MCA amends Schedule III of Companies Act on disclosure norms in financial statements

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In order to bring in greater transparency in reporting of financial statements, the Ministry of Corporate Affairs (MCA) vide notification dated 24.03.2021 has amended the Schedule III to the Companies Act, 2013 effective from 01st April, 2021 to mandate various disclosures by companies in their financial statements. This was stated by Union Minister of State for Corporate Affairs Shri Rao Inderjit Singh in a written reply to a question in Rajya Sabha today.

The Minister stated that the new disclosures with respect to the virtual currency/crypto currency transactions and CSR spending undertaken by companies during a financial year are:-

## Details of Crypto Currency or Virtual Currency

Where the Company has traded or invested in Crypto currency or Virtual Currency during the financial year, the following shall be disclosed:-

- profit or loss on transactions involving Crypto currency or Virtual Currency
- amount of currency held as at the reporting date,
- Deposits or advances from any person for the purpose of trading or investing in Crypto Currency/virtual currency.
- Details of Corporate Social Responsibility (CSR)

Where the company covered under section 135 of the companies act, the following shall be disclosed with regard to CSR activities:-

- amount required to be spent by the company during the year,
- amount of expenditure incurred,
- shortfall at the end of the year,
- total of previous years shortfall,
- reason for shortfall,
- nature of CSR activities,
- details of related party transactions, e., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,
- Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.